

**DBEDT**  
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
STATE OF HAWAII



# ***QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary June 2003***

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before June 9, 2003.

#### On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/>.

Printing of the *QSER* had been discontinued in March 2000. The full version and a *QSER Executive Summary* will be available on-line at <http://www.hawaii.gov/dbedt/qser/> and the *QSER Executive Summary* is available on request by e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division Library at (808) 586-2424.

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## STATE OF THE ECONOMY

One and a half years after the world-shaking events of September 2001, Hawaii is still adapting to diminished international travel demand, exacerbated in the short term by the war in Iraq and, possibly, severe acute respiratory syndrome (SARS). At the same time, Hawaii's economy is being buoyed up by robust construction and real estate activity. In the face of these conflicting influences, Hawaii's employment and income indicators provide reason for optimism while the tax and visitor numbers are weak.

Hawaii's labor force and civilian employment both rose in the first quarter of 2003 compared to the first quarter of 2002, 1.6 percent and 2.9 percent respectively. This reverses the trend of three straight quarterly declines for each. On average, for the first quarter, 574,650 people were employed in Hawaii, 16,450 more than the year before. The unemployment rate was down in the first quarter of 2003 from 4.6 percent in the same period last year to 3.3 percent.

The number of wage and salary jobs was up 2.7 percent for the first quarter of 2003 compared to the first quarter of 2002. This growth produced Hawaii's highest all-time first quarter job count. Jobs are up most notably in Construction (9.0 percent), Professional and Business Services (5.6 percent), Federal Government (5.0 percent), and Educational Services (4.6 percent).

Nominal personal income rose 5.9 percent in the fourth quarter of 2002 compared to the fourth quarter of 2001, the period for which the most recent data are available. Other Labor Income showed the highest rate of increase (14.5 percent) followed by wages and salaries (6.5 percent), proprietors' income (6.1 percent),

transfer payments (4.8 percent) and dividends, interest, and rent (1.2 percent). Almost all industries saw year-to-year quarterly increases in earnings with the exception of Transportation and Public Utilities.

Tax revenues distributed to the State general fund were up 1.3 percent for the first quarter of 2003 compared to the first quarter of 2002. Revenues from the general excise and use tax increased by 15.0 percent, net individual income tax was down by 4.6 percent, and net corporate income taxes decreased 236.2 percent. Transient Accommodations Tax (TAT) revenues increased 22.6 percent.

The number of visitors arriving by air increased 1.7 percent comparing the first quarter of 2003 to the same quarter in 2002. Domestic arrivals were up 0.5 percent and international arrivals increased 4.2 percent. Hotel occupancy rates were also up, increasing from 70.8 percent in the first quarter of 2002 to 74.6 percent in the first quarter of 2003.

Hawaii construction industry activity continued to grow in the first quarter of 2003. The contracting tax base increased by 22.8 percent while total private building authorizations increased 94.8 percent. As mentioned above, jobs in the construction industry were up 9.0 percent.

Hawaii bankruptcy filings decreased by 22.8 percent in the first quarter of 2003. U.S. filings continued to rise, climbing 9.0 percent for the quarter and, once again, setting a new record high.

## OUTLOOK FOR THE ECONOMY

The forecast for Hawaii's economy prepared for this Quarterly Statistical and Economic Report has been revised upward for employment and income and, in the area of visitor arrivals, it embodies a less positive view of the near future. These changes reflect the trends observed in these variables during the first five months of 2003.

It is expected that Hawaii's future growth will be primarily related to the rate of expansion in the mainland U.S. and Japan economies, the sources of Hawaii's tourism demand and the main export markets for Hawaii's goods and services. The consensus projections of U.S. economic performance in 2003 have been declining since July 2002. However, with the June 2003 issue, the Blue Chip Economic Forecast, which is based on an average of 50 major U.S. forecasts, adjusted the forecast for growth in real U.S. GDP in 2003 upward from 2.3 percent to 2.4 percent. The Blue Chip Forecast for real U.S. GDP in 2004 remains at 3.6 percent.

Slow growth is still being projected for Japan's economy. For 2003, the June Blue Chip Forecast expects Japan's economy to produce 0.8 percent positive growth in GDP, recovering to a further 1.1 increase in real GDP in 2004. Japan is projected to continue to struggle with deflation at least through 2004.

In light of slowing economic conditions and the complicating uncertainties related to SARS and the occupation of Iraq, Hawaii visitor forecasts have been revised downward from the March forecast. In 2003, total visitor arrivals are predicted to

grow 0.5 percent and visitor expenditures are forecast to increase 3.1 percent. The downward revision is largely a function of the faltering arrivals of Japanese visitors. Total visitor arrivals are projected to increase another 7.3 percent in 2004, a growth rate sufficient to produce a return to 2000 visitor levels. (With this issue of the QSER, visitor arrivals have been revised to include arrivals by cruise ship as well as by air. Currently, this change increases the arrivals values by about 1.5 percent.)

Total wage and salary jobs in the state are expected to rebound 1.9 percent in 2003 from the zero-growth year of 2002. Job growth is expected to be positive again in 2004 with a further 1.3 percent increase.

After inflation, real personal income is forecast to show a 2.1 percent increase in 2003 and another 2.1 percent increase in 2004. This income projection has been revised upward largely on the strength of non-visitor industries.

Hawaii's Consumer Price Index (CPI) is projected to remain low. The recent release by the Bureau of Labor Statistics showed Honolulu's 2002 CPI to have been 1.1 percent. The inflation rate is projected to climb slightly to 1.8 percent in 2003.

The Bureau of the Census reported population growth estimates for Hawaii of 1.2 percent for 2001 and 1.5 percent for 2002. These rates of growth were higher than projected. Hawaii's population growth rate is, however, still expected to return soon to about 1.0 percent annually for the next few years.

**ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII:  
2001 TO 2006**

<b>Economic Indicators</b>	<b>2001 (Actual)</b>	<b>2002 (Actual)</b>	<b>2003 (Forecast)</b>	<b>2004 (Forecast)</b>	<b>2005 Forecast</b>	<b>2006 Forecast</b>
Total population (thousands)	1,227.0	1,244.9	1,261.1	1,273.7	1,286.4	1,299.3
Visitor arrivals (thousands)	6,350.4	6,452.8 p	6,484.3	6,956.2	7,108.1	7,250.8
Visitor expenditures (million dollars)	9,194.2	9,815.9 p	10,121.5	11,044.2	11,509.3	11,967.2
Honolulu CPI-U (1982-84=100)	178.4	180.3	183.6	187.1	190.7	194.5
Personal income (million dollars)	35,625.1	37,348.0 p	38,842.1	40,395.8	42,011.7	43,692.1
Real personal income (\$1996 million)	34,087.5	35,359.4 p	36,108.4	36,853.0	37,612.9	38,350.4
Total wage & salary jobs (thousands)	562.4	562.6	573.0	580.5	588.0	596.3
Gross state product (million dollars)	43,710.0 p	45,698.0 p	47,571.6	49,569.6	51,651.5	53,820.9
Real gross state product (\$1996 million)	38,839.0 p	39,848.3 p	40,645.4	41,382.0	42,131.9	42,914.4
Gross state product deflator (1996=100)	112.5 p	114.7 p	117.0	119.8	122.6	125.4
<b>Annual Percentage Change</b>						
Total population	1.2	1.5	1.3	1.0	1.0	1.0
Visitor arrivals	-9.1	1.6 p	0.5	7.3	2.2	2.0
Visitor expenditures	-7.3	6.8 p	3.1	9.1	4.2	4.0
Honolulu CPI-U	1.2	1.1	1.8	1.9	1.9	2.0
Personal income	3.6	4.8 p	4.0	4.0	4.0	4.0
Real personal income	2.4	3.7 p	2.1	2.1	2.1	2.0
Total wage & salary jobs	0.6	0.0	1.9	1.3	1.3	1.4
Gross state product	2.8 p	4.5 p	4.1	4.2	4.2	4.2
Real gross state product	-0.1 p	2.6 p	2.0	1.8	1.8	1.9
Gross state product deflator	2.8 p	1.9 p	2.1	2.3	2.3	2.3

p Preliminary.

Source: Hawaii State Department of Business, Economic Development & Tourism, June 9, 2003.

## COUNTY ECONOMIC CONDITIONS

The economies of the four Hawaii counties responded differently to the uncertain conditions that prevailed during the first quarter of 2003. All counties saw increases in labor force, employment and jobs, but the increases were of varying magnitudes. Visitor arrivals increased noticeably in Maui, but were flat or down in the other counties.

For the first quarter 2003 over the first quarter of 2002, labor force grew in all four counties. Kauai County showed the most pronounced increase at 3.6 percent (Table 5) followed by Hawaii County with an increase of 2.7 percent (Table 3). Labor force in the City and County of Honolulu was up 1.4 percent (Table 2) and Maui County had the smallest increase of any county at 0.6 percent (Table 4).

Civilian employment also increased in all four counties in the first quarter of 2003 with Kauai leading the way again with a 5.5 percent increase. Employment was up 3.5 percent in Hawaii County, 2.8 percent in the City and County of Honolulu, and 2.0 percent in Maui County.

Since employment increased more than labor force in all counties in the first quarter of 2003 compared to the first quarter of 2002, the unemployment rate is down in all counties. Unemployment was down most in Kauai County, down 1.9 percentage points to 4.3 percent. Maui County's rate dropped 1.4 percentage points to 3.5 percent. Honolulu fell 1.3 percentage points to 3.0 percent and Hawaii County declined 0.8 percentage points to 4.8 percent unemployment.

The counties all showed positive overall rates of job growth. The City and County of Honolulu picked up 11,150 wage and salary jobs or 2.7 percent during the first quarter of 2003. The largest increases were in Professional and Business Services, Construction, Health Care and Social Services and State Government jobs. Hawaii County had an overall gain of 1,900 jobs or a 3.3 percent increase. Retail Trade and Business and Professional Services lead the other industries in job gains for the quarter. Maui County added 1,200 jobs or 1.9 percent. The biggest gain was in Food Service and Drinking Places. Kauai increased 1,200 jobs, 4.6 percent, lead by Retail Trade and Transportation, Warehousing and Utilities.

Visitor arrivals by air were up strongly in Maui County, but were up only 0.2 percent in Hawaii County. Arrivals were down 1.1 percent for Kauai County and down 1.0 percent on Oahu. Hotel occupancy rates were up in all counties, increasing the most, 5.1 percentage points to 75.4 percent on Oahu. It is probably the case that increasing average length of stay permitted the increase in occupancy in the face of declining arrivals.

General excise tax revenue growth was positive in all counties. Hawaii County had the largest rate of growth at 16.2 percent. It should be noted, however, that the GET is reported by company headquarters and may not reflect economic activity in the county. Individual income tax collections were positive in all counties.

**Table 1. 2003 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII**

SERIES	UNIT	1st QUARTER 2003		2002	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	594,550	1.6	582,200	-1.5
Civilian employment	Persons	574,650	2.9	557,450	-1.2
Civilian unemployment	Persons	19,900	-26.6	24,750	-8.8
Unemployment rate 2/	%	3.3	-1.3	4.2	-0.4
Total wage and salary jobs	Jobs	570,900	2.7	562,600	0.0
Total non-agriculture wage and salary jobs	Jobs	564,200	2.9	555,400	0.1
Nat. Resources, Mining, Constr.	Jobs	26,700	9.0	25,700	4.0
Manufacturing	Jobs	14,900	-4.8	15,250	-7.0
Wholesale Trade	Jobs	16,250	0.9	16,250	-1.2
Retail Trade	Jobs	64,450	2.0	64,050	-3.1
Transp., Warehousing, Util.	Jobs	26,750	4.3	26,300	-7.4
Information	Jobs	11,400	-2.1	11,600	-2.1
Financial Activities	Jobs	28,000	2.4	27,600	-1.6
Professional & Business Services	Jobs	68,200	5.6	66,650	4.2
Educational Services	Jobs	12,550	4.6	12,000	3.0
Health Care & Social Assistance	Jobs	51,950	3.2	51,100	2.0
Arts, Entertainment & Recreation	Jobs	10,950	1.9	10,950	-1.4
Accommodation	Jobs	36,900	3.2	36,200	-4.6
Food Services & Drinking Places	Jobs	50,400	2.3	50,100	-0.2
Other Services	Jobs	23,800	1.9	23,700	0.6
Government	Jobs	120,950	2.4	118,000	3.1
Federal	Jobs	31,550	5.0	30,700	2.0
State	Jobs	72,500	2.0	70,150	4.2
Local	Jobs	16,900	-0.9	17,150	0.3
Agriculture wage and salary jobs	Jobs	6,700	-9.5	7,200	-2.7
State general fund revenues	\$1,000	772,047	1.3	3,116,029	-1.8
General excise and use tax revenues	\$1,000	455,018	15.0	1,679,840	1.1
Income-individual	\$1,000	254,081	-4.6	1,059,646	-3.7
Declaration of estimated taxes	\$1,000	46,307	-19.1	195,417	-11.2
Payment with returns	\$1,000	4,045	-75.6	109,713	5.8
Withholding tax on wages	\$1,000	280,874	6.5	1,024,498	-0.1
Refunds	\$1,000	77,145	8.4	269,982	8.6
Transient accommodations tax	\$1,000	44,038	22.6	161,633	-7.4
Visitor arrivals by air 3/	Persons	1,559,557	1.7	6,360,291	0.9
Domestic flight visitors	Persons	1,047,376	0.5	4,340,130	2.7
International flight visitors	Persons	512,181	4.2	2,020,161	-2.9
Hotel occupancy rates 2/	%	74.6	3.8	69.6	-0.2

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary data.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2003 SELECTED ECONOMIC ACTIVITIES:  
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	1st QUARTER 2003		2002	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	421,100	1.4	412,100	-1.6
Civilian employment	Persons	408,400	2.8	396,050	-1.5
Civilian unemployment	Persons	12,700	-29.1	16,000	-5.6
Unemployment rate 2/	%	3.0	-1.3	3.9	-0.2
Total wage and salary jobs	Jobs	420,150	2.7	413,800	-0.2
Total non-agriculture wage and salary jobs	Jobs	418,250	2.8	411,800	-0.2
Nat. Resources, Mining, Constr.	Jobs	18,250	9.6	17,500	2.9
Manufacturing	Jobs	11,500	-5.3	11,800	-7.8
Wholesale Trade	Jobs	13,350	0.4	13,400	-1.1
Retail Trade	Jobs	43,800	1.6	43,550	-4.6
Transp., Warehousing, Util.	Jobs	19,800	4.2	19,500	-10.3
Information	Jobs	9,350	-3.6	9,550	-4.0
Financial Activities	Jobs	21,800	2.6	21,500	-1.6
Professional & Business Services	Jobs	56,100	5.5	54,850	4.6
Educational Services	Jobs	11,000	4.3	10,500	2.4
Health Care & Social Assistance	Jobs	40,300	3.7	39,450	1.5
Arts, Entertainment & Recreation	Jobs	6,850	0.7	6,900	-1.4
Accommodation	Jobs	15,500	5.4	15,050	-4.1
Food Services & Drinking Places	Jobs	35,350	1.4	35,400	-0.8
Other Services	Jobs	18,850	1.3	18,850	0.3
Government	Jobs	96,500	2.3	93,950	3.0
Federal	Jobs	29,050	3.4	28,600	1.6
State	Jobs	56,000	2.7	53,700	4.4
Local	Jobs	11,450	-1.7	11,650	0.0
Agriculture wage and salary jobs	Jobs	1,950	-4.9	2,000	-13.0
General excise and use tax revenues	\$1,000	371,035	15.5	1,373,675	1.0
Income-individual	\$1,000	232,252	-0.1	926,928	-2.9
Declaration of estimated taxes	\$1,000	28,704	-25.3	137,141	-16.0
Payment with returns	\$1,000	11,404	-19.4	89,809	15.0
Withholding tax on wages	\$1,000	247,344	6.1	902,255	0.4
Refunds	\$1,000	55,201	3.6	202,277	9.2
Transient accommodations tax	\$1,000	31,867	24.3	117,906	-10.2
Visitor arrivals by air	Persons	989,041	-1.0	4,240,453	-0.4
Domestic flight visitors	Persons	552,536	-5.3	2,411,790	1.4
International flight visitors	Persons	436,505	4.9	1,828,662	-2.6
Hotel occupancy rates 2/	%	75.4	5.1	70.4	2.3

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.



**Table 3. 2003 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY**

SERIES	UNIT	1st QUARTER 2003		2002	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	72,100	2.7	70,200	-0.8
Civilian employment	Persons	68,650	3.5	66,150	0.3
Civilian unemployment	Persons	3,450	-11.5	4,050	-15.6
Unemployment rate 2/	%	4.8	-0.8	5.8	-1.0
Total wage and salary jobs	Jobs	59,350	3.3	58,200	1.5
Total non-agriculture wage and salary jobs	Jobs	57,050	3.2	55,850	2.1
Nat. Resources, Mining, Constr.	Jobs	4,050	6.6	3,900	11.4
Manufacturing	Jobs	1,400	-6.7	1,400	-9.7
Wholesale Trade	Jobs	1,400	3.7	1,400	3.7
Retail Trade	Jobs	8,250	5.8	8,000	1.3
Transp., Warehousing, Util.	Jobs	2,450	4.3	2,400	4.3
Information	Jobs	650	0.0	650	0.0
Financial Activities	Jobs	2,300	0.0	2,300	0.0
Professional & Business Services	Jobs	4,550	7.1	4,400	6.0
Educational Services	Jobs	650	0.0	650	8.3
Health Care & Social Assistance	Jobs	5,550	0.9	5,550	2.8
Arts, Entertainment & Recreation	Jobs	1,300	8.3	1,250	4.2
Accommodation	Jobs	6,900	3.0	6,700	-5.0
Food Services & Drinking Places	Jobs	4,600	4.5	4,400	3.5
Other Services	Jobs	1,600	6.7	1,550	0.0
Government	Jobs	11,500	0.9	11,350	2.7
Federal	Jobs	1,200	20.0	1,050	5.0
State	Jobs	8,100	-0.6	8,050	3.9
Local	Jobs	2,250	0.0	2,250	0.0
Agriculture wage and salary jobs	Jobs	2,300	7.0	2,350	-11.3
General excise and use tax revenues	\$1,000	34,725	16.2	120,105	3.3
Income-individual	\$1,000	10,678	-34.9	57,191	-7.3
Declaration of estimated taxes	\$1,000	5,296	-34.9	22,028	0.6
Payment with returns	\$1,000	-1,429	-245.1	8,020	-21.4
Withholding tax on wages	\$1,000	14,095	5.5	52,566	-0.3
Refunds	\$1,000	7,283	19.9	25,423	9.8
Transient accommodations tax	\$1,000	3,355	13.9	10,563	-0.2
Visitor arrivals by air	Persons	311,016	0.2	1,235,542	4.6
Domestic flight visitors	Persons	226,414	0.0	921,155	6.0
International flight visitors	Persons	84,602	0.5	314,387	0.5
Hotel occupancy rates 2/	%	70.1	1.1	62.7	-1.6

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

**Table 4. 2003 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY**

SERIES	UNIT	1st QUARTER 2003		2002	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	72,200	0.6	71,500	-1.7
Civilian employment	Persons	69,700	2.0	68,350	-1.4
Civilian unemployment	Persons	2,500	-28.6	3,150	-7.4
Unemployment rate 2/	%	3.5	-1.4	4.4	-0.3
Total wage and salary jobs	Jobs	64,250	1.9	63,900	-0.1
Total non-agriculture wage and salary jobs	Jobs	62,450	2.6	61,900	-0.4
Nat. Resources, Mining, Constr.	Jobs	3,200	10.3	3,100	-1.6
Manufacturing	Jobs	1,600	0.0	1,650	-2.9
Wholesale Trade	Jobs	1,100	0.0	1,100	0.0
Retail Trade	Jobs	8,550	-1.7	8,750	-0.6
Transp., Warehousing, Util.	Jobs	3,000	1.7	2,950	-1.7
Information	Jobs	950	5.6	950	5.6
Financial Activities	Jobs	2,700	5.9	2,600	-1.9
Professional & Business Services	Jobs	5,050	5.2	4,950	-2.0
Educational Services	Jobs	750	15.4	700	16.7
Health Care & Social Assistance	Jobs	4,100	3.8	4,050	3.8
Arts, Entertainment & Recreation	Jobs	1,950	2.6	1,900	-7.3
Accommodation	Jobs	10,850	0.0	10,850	-4.8
Food Services & Drinking Places	Jobs	7,450	4.9	7,300	0.7
Other Services	Jobs	2,650	6.0	2,550	0.0
Government	Jobs	8,650	4.8	8,500	4.9
Federal	Jobs	800	45.5	600	9.1
State	Jobs	5,750	1.8	5,700	4.6
Local	Jobs	2,100	2.4	2,150	2.4
Agriculture wage and salary jobs	Jobs	1,800	-20.0	2,050	13.9
General excise and use tax revenues	\$1,000	35,737	9.1	136,648	-0.9
Income-individual	\$1,000	8,636	-36.3	56,991	-4.0
Declaration of estimated taxes	\$1,000	9,706	16.8	27,009	6.8
Payment with returns	\$1,000	-4,720	-550.6	8,586	-10.0
Withholding tax on wages	\$1,000	14,483	14.5	51,952	-4.0
Refunds	\$1,000	10,833	28.4	30,556	3.2
Transient accommodations tax	\$1,000	6,759	30.5	24,688	-0.1
Visitor arrivals by air 3/	Persons	561,820	5.9	2,163,043	2.8
Domestic flight visitors	Persons	440,827	6.4	1,771,072	5.0
International flight visitors	Persons	120,993	4.1	391,971	-6.3
Hotel occupancy rates 2/ 3/	%	77.3	3.9	71.3	-2.7

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 5. 2003 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY**

SERIES	UNIT	1st QUARTER 2003		2002	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	29,150	3.6	28,400	-1.9
Civilian employment	Persons	27,900	5.5	26,850	-0.4
Civilian unemployment	Persons	1,250	-28.6	1,550	-22.5
Unemployment rate 2/	%	4.3	-1.9	5.5	-1.5
Total wage and salary jobs	Jobs	27,100	4.6	26,600	1.1
Total non-agriculture wage and salary jobs	Jobs	26,400	4.6	25,900	1.0
Nat. Resources, Mining, Constr.	Jobs	1,200	0.0	1,200	14.3
Manufacturing	Jobs	400	0.0	400	0.0
Wholesale Trade	Jobs	400	0.0	400	0.0
Retail Trade	Jobs	3,850	5.5	3,750	-1.3
Transp., Warehousing, Util.	Jobs	1,550	14.8	1,450	3.6
Information	Jobs	500	42.9	450	28.6
Financial Activities	Jobs	1,200	0.0	1,200	-4.0
Professional & Business Services	Jobs	2,550	6.3	2,450	4.3
Educational Services	Jobs	150	0.0	150	-25.0
Health Care & Social Assistance	Jobs	2,000	0.0	2,000	0.0
Arts, Entertainment & Recreation	Jobs	900	5.9	850	0.0
Accommodation	Jobs	3,700	4.2	3,650	-3.9
Food Services & Drinking Places	Jobs	3,050	3.4	3,000	-1.6
Other Services	Jobs	700	0.0	700	0.0
Government	Jobs	4,250	2.4	4,200	2.4
Federal	Jobs	500	25.0	400	0.0
State	Jobs	2,650	-1.9	2,700	1.9
Local	Jobs	1,100	0.0	1,100	0.0
Agriculture wage and salary jobs	Jobs	700	0.0	750	15.4
General excise and use tax revenues	\$1,000	13,521	13.2	49,412	5.1
Income-individual	\$1,000	2,515	-36.0	18,536	-23.5
Declaration estimated taxes	\$1,000	2,601	11.1	9,240	-2.3
Payment with returns	\$1,000	-1,210	-410.8	3,298	-44.0
With holding tax on wages	\$1,000	4,953	8.8	17,724	-9.3
Refunds	\$1,000	3,829	14.2	11,725	9.9
Transient accommodations tax	\$1,000	2,056	-4.9	8,475	6.0
Visitor arrivals by air	Persons	233,303	-1.1	1,001,257	-0.7
Domestic flight visitors	Persons	196,346	2.7	849,835	1.2
International flight visitors	Persons	36,957	-17.6	151,422	-10.6
Hotel occupancy rates 2/	%	70.1	3.7	70.7	0.1

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

## A. LABOR FORCE AND JOBS

Hawaii's civilian employment rebounded at a 2.9 percent growth rate in the first quarter of 2003 compared with the first quarter of 2002 (Table A-2) or 16,450 more persons employed. This is a notable change from 2002 when growth in civilian employment was zero or negative for all four quarters. The current level of civilian employment is Hawaii's highest ever first quarter employment.

During the first quarter of 2003, the civilian labor force increased by 1.6 percent or 9,250 persons over the first quarter of 2002 (Table A-1). The number of unemployed in Hawaii was 19,900 in the first quarter of 2003. This was 7,200 or 26.6 percent fewer than the first quarter of 2002 (Table A-3). Since the number of unemployed declined and the labor force increased, the unemployment rate declined from 4.6 percent to 3.3 percent from the first quarter of 2002 to the first quarter 2003 (Table A-4).

Total wage and salary jobs increased by 2.7 percent or 15,200 jobs measured year-to-year for the first quarter (Table A-5). This increase is, of course, measured against a quarter which was feeling the on-going impacts of the post-September 11th layoffs. However, the total first quarter 2003 job count sets a new all-time first quarter high for Hawaii.

Most industries showed positive job growth from the reduced levels of the first quarter of 2002. Among private sector industries, the greatest job growth between the first quarters of 2002 and 2003 was in Professional and Business Services <sup>1/</sup> which increased 3,600 jobs or 5.6 percent (Table 1 and Table A-14). The greatest rate of increase occurred in Natural Resources, Mining and Construction (Table A-7) with a 9.0 percent increase or 2,200 jobs.

These private sector increases were followed by gains in Health Care and Social Assistance (3.2 percent, Table A-16); Retail Trade (2.0 percent, Table A-10); Accommodation (3.2 percent, Table A-18); Food Service and Drinking Places (2.3 percent, Table A-19); and Transportation, Warehousing and Utilities (4.3 percent, Table A-11).

Jobs declined in Manufacturing (-4.8 percent, Table A-8), Agriculture (-9.5 percent, Table A-24), and Information (-2.1 percent, Table A-12).

Overall, the number of jobs increased in government sectors during the first quarter of 2003. Federal government jobs rose 5.0 percent over the first quarter 2002 level (Table A-21), State government jobs increased by 2.0 percent (Table A-22), while local government jobs decreased by 0.9 percent (Table A-23).

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<sup>1/</sup> This June 2003 issue of QSER implements the conversion to the North American Industry Classification System (NAICS) from the U.S. Standard Industrial Classification (SIC) system to provide industry data consistent with that presented by the Bureau of Economic Analysis and the Hawaii Department of Labor and Industrial Relations. Information on NAICS can be found at <http://www.census.gov/epcd/www/naics.html>.

**Table A-5. TOTAL WAGE AND SALARY JOBS**

<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual</i>
Number of Jobs					
1990	528,900	537,950	536,300	548,800	538,050
1991	546,700	546,650	546,200	555,150	548,650
1992	552,300	554,050	548,400	553,700	552,100
1993	548,800	551,800	540,850	547,900	547,350
1994	543,300	546,050	538,950	548,300	544,100
1995	543,100	543,250	533,400	540,900	540,200
1996	538,400	538,600	533,500	542,000	538,100
1997	539,750	540,250	533,950	541,250	538,800
1998	537,100	540,350	535,700	542,250	538,850
1999	535,300	542,000	540,650	552,950	542,700
2000	550,200	560,000	557,400	569,150	559,250
2001	562,300	566,000	561,550	559,600	562,350
2002	555,700	562,900	560,000	571,750	562,600
2003	570,900	(NA)	(NA)	(NA)	(NA)
Percentage Change from the Same Period in Previous Year					
1991	3.4	1.6	1.8	1.2	2.0
1992	1.0	1.4	0.4	-0.3	0.6
1993	-0.6	-0.4	-1.4	-1.0	-0.9
1994	-1.0	-1.0	-0.4	0.1	-0.6
1995	0.0	-0.5	-1.0	-1.3	-0.7
1996	-0.9	-0.9	0.0	0.2	-0.4
1997	0.3	0.3	0.1	-0.1	0.1
1998	-0.5	0.0	0.3	0.2	0.0
1999	-0.3	0.3	0.9	2.0	0.7
2000	2.8	3.3	3.1	2.9	3.0
2001	2.2	1.1	0.7	-1.7	0.6
2002	-1.2	-0.5	-0.3	2.2	0.0
2003	2.7	(NA)	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by the Hawaii State Department of Business, Economic Development & Tourism from the Hawaii State Department of Labor & Industrial Relations monthly rounded data.

Source: Hawaii State Department of Labor & Industrial Relations.

## B. INCOME AND PRICES

Personal income continued to grow at a strongly positive rate during the fourth quarter of 2002 (the period for which the latest data are available from the Bureau of Economic Analysis) measured over the fourth quarter of 2001. The increase was lead by the earnings of labor and proprietors, followed by transfer payments, and dividends, interest, and rent. There were year-to-year quarterly increases in earnings for industries except Transportation and Public Utilities (Table B-1).

Nominal personal income, not adjusted for inflation, rose \$2.1 billion or 5.9 percent in the fourth quarter of 2002 compared to the fourth quarter of 2001 (Table B-2). The wage and salary component grew by about \$1.3 billion or 6.5 percent in the fourth quarter of 2002 (Table B-3). Wages and salaries accounted for about 56 percent of personal income.

Other labor income, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, increased by about \$440 million or 14.5 percent in the fourth quarter of 2002 compared to 2001 (Table B-4).

Proprietors' income, the income most closely related to entrepreneurial activity, grew by \$170 million or 6.1 percent in the fourth quarter of 2002 compared to the fourth quarter of 2001 (Table B-5).

Dividends, interest, and rent rose by \$85 million or 1.2 percent in the fourth quarter of 2002 (Table B-6). Transfer payments, consisting largely of retirement and medical payments, grew by about \$220 million or 4.8 percent for the quarter (Table B-7). Personal contributions to social insurance, payments subtracted from personal income, increased \$122 million or 8.4 percent (Table B-8).

Private sector earnings increased across almost all industries between the fourth quarter of 2001 and the fourth quarter of 2002. In dollar terms, the largest increases came in Services followed by Construction and Retail Trade (Table B-1). The only industry to experience an earnings decline from the fourth quarter of 2001 to the fourth quarter of 2002 was Transportation and Public Utilities, which decreased a slight 0.7 percent. Earnings increased by 8.3 percent in the public sector, largely as a result of the 12.4 percent increase in the federal component.

The increases in Hawaii's nominal personal income include a relatively low price component because of the low rate of inflation that has existed recently in the Hawaii economy. The Honolulu consumer price index rose by only 1.0 percent in the second half of 2002 compared to the same period in 2001 (Table B-9). This was somewhat lower than the 1.9 percent inflation experienced on the Mainland during the period. Comparing price changes over all of 2002 to 2001, Honolulu prices increased 1.1 percent for the year.

**Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES**

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Fourth Quarter 2001	Annual average 2001	Third Quarter 2002	Fourth Quarter 2002	Annual average 2002	To Fourth Quarter 2002 From		Annual average
						Fourth Quarter 2001	Third Quarter 2002	2002 from 2001
PERSONAL INCOME	35,766	35,625	37,470	37,862	37,348	5.9	1.0	4.8
Earnings By Place of Work	25,712	25,698	27,207	27,626	27,110	7.4	1.5	5.5
Wage and salary disbursements	19,880	19,897	20,880	21,182	20,848	6.5	1.4	4.8
Other labor income	3,045	3,014	3,401	3,486	3,361	14.5	2.5	11.5
Proprietors' income	2,788	2,788	2,926	2,958	2,901	6.1	1.1	4.1
Farm proprietors' income	-1	-1	1	2	2	-300.0	100.0	-250.0
Nonfarm proprietors' income	2,789	2,789	2,924	2,956	2,899	6.0	1.1	4.0
Dividends, interest, and rent	6,979	6,993	7,100	7,064	7,072	1.2	-0.5	1.1
Transfer payments	4,518	4,372	4,707	4,737	4,705	4.8	0.6	7.6
Less: Pers. cont. for social insur.	1,444	1,438	1,544	1,566	1,540	8.4	1.4	7.1
Earnings By Industry	25,712	25,699	27,207	27,626	27,110	7.4	1.5	5.5
Farm Earnings	190	186	208	213	205	12.1	2.4	10.5
Nonfarm Earnings	25,522	25,513	26,999	27,413	26,905	7.4	1.5	5.5
Private Earnings	17,736	17,904	18,656	18,982	18,588	7.0	1.7	3.8
Ag. serv., forestry, fishing & oth	158	160	177	178	171	12.7	0.6	7.2
Mining	28	27	29	30	29	7.1	3.4	7.4
Construction	1,519	1,526	1,740	1,779	1,693	17.1	2.2	10.9
Manufacturing	751	772	753	758	755	0.9	0.7	-2.2
Transport. and public utilities	1,904	1,981	1,875	1,890	1,874	-0.7	0.8	-5.4
Wholesale trade	856	875	908	922	904	7.7	1.5	3.3
Retail trade	2,820	2,900	2,969	3,038	2,951	7.7	2.3	1.8
Finance, insur., and real estate	2,019	1,986	2,097	2,115	2,148	4.8	0.9	8.2
Services	7,682	7,680	8,108	8,273	8,065	7.7	2.0	5.0
Gov't and gov't enterprises	7,786	7,608	8,343	8,431	8,317	8.3	1.1	9.3
Federal	4,506	4,541	5,005	5,065	4,965	12.4	1.2	9.3
Federal, civilian	1,922	1,970	2,090	2,169	2,080	12.9	3.8	5.6
Military	2,584	2,571	2,915	2,896	2,885	12.1	-0.7	12.2
State and local	3,279	3,068	3,339	3,365	3,352	2.6	0.8	9.3

Source data for 1999Q1 to 2002Q3 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income,  
 April 23, 2003 <<http://www.bea.doc.gov/bea/regional/sqpi/>> and calculations by the Hawaii State  
 Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,  
ALL URBAN CONSUMERS (CPI-U)  
[1982-84=100]**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
2001	177.1	178.4	169.5	179.1	101.0	174.5	2/	101.6	104.6	289.3
2002	179.9	180.3	171.9	181.2	102.6	170.9	2/	99.5	107.8	302.2
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
H2	177.5	178.7	170.7	179.3	102.3	173.0	2/	101.1	105.8	291.1
2002H1	178.9	180.1	172.3	180.5	106.2	171.7	2/	99.9	106.9	299.1
H2	180.9	180.4	171.6	181.9	99.1	170.1	2/	99.2	108.7	305.3
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2.9	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
2001	2.8	1.2	2.9	0.7	-2.4	2.9	2/	-1.2	-1.8	3.4
2002	1.6	1.1	1.4	1.2	1.6	-2.1	2/	-2.1	3.1	4.5
1995H1	2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6
H2	2.2	1.1	4.0	0.4	-0.3	0.9	2/	-1.5	0.2	3.3
2002H1	1.3	1.1	2.4	1.0	6.5	-2.4	2/	-2.2	3.3	4.0
H2	1.9	1.0	0.5	1.5	-3.1	-1.7	2/	-1.9	2.7	4.9

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (Current Series)

<<http://data.bls.gov/labjava/outside.jsp?survey=cu>> and BLS Honolulu CPI News Releases

<[http://www.bls.gov/ro9/ro9\\_hi.htm#contact](http://www.bls.gov/ro9/ro9_hi.htm#contact)> accessed February 21, 2003.



## C. TAX REVENUES

State general fund tax revenues increased in the first quarter of 2003 over the first quarter of 2002. This overall increase is the result of a healthy level of General Excise and Use Tax (GET) collections offsetting low net collections of Individual Income and Corporate Income taxes.

Tax revenues distributed to the State general fund were up 1.3 percent for the first quarter of 2003 over the first quarter of 2002 (Tables C-1 and C-2). This is an increase of \$10 million over the year-earlier quarter.

During the first quarter of 2003, GET revenues increased by \$59 million or 15.0 percent over the first quarter of 2002 (Table C-3). All four of the reported GET tax base categories increased in the first quarter. The Retailing Tax base increased 14.1 percent (Table C-14), the Services tax base increased 7.2 percent (Table C-15), Contracting was up by 22.8 percent (Table C-16), and the Hotel Rentals tax base showed a 27.7 percent increase (Table C-17). To interpret these figures in conjunction with other quarterly data in this report it should be kept in mind that the tax data represent collections during the quarter. The transactions on which the taxes were paid did not necessarily take place during the quarter.

Revenues from the individual income tax declined 4.6 percent in the first quarter of 2003 over the same quarter in 2002 (Table C-4). This was a net decrease of \$12 million.

Net individual income tax revenue is the sum of four components. The overall decrease in the first quarter was the result of an increase in the largest category, withholding tax on wages, which was overwhelmed by large decreases in the other two categories and an increase in refunds. Withholding Tax on Wages was up by 6.5 percent or \$17 million (Table C-7) compared to the first quarter of 2002. Declaration of Estimated Taxes decreased 19.1 percent or \$11 million (Table C-5), and Payment with Returns decreased by 75.6 percent or over \$12 million (Table C-6). Refunds increased by 8.4 percent or \$6 million to further decrease net individual income tax collections (Table C-8).

Net corporate income tax revenue decreased by 236.2 percent or \$44 million in the first quarter of 2003 compared to the year-earlier quarter (Table C-9). This total resulted from a 95.3 percent (\$30 million) decrease in Declaration of Estimated Taxes - Corporate (Table C-10) and a 353.3 percent (\$6 million) decrease in Payment with Returns - Corporate (Table C-11) exacerbated by a 54.9 percent (\$8 million) increase in Refunds (Table C-12). The Department of Taxation has stated that it attributes a large part of this decline to the application of tax credits to offset corporate income.

TAT revenue increased 22.6 percent or \$8 million in the first quarter of 2003 (Table C-13). Some of this TAT increase may be related to notable increases in visitor census in the fourth quarter of 2002.

**Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS**

Year	General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund	
In Thousands of Dollars					
1990	1,250,203	743,114	86,269	2,246,752	
1991	1,287,819	1,174,144	70,568	2,397,289	
1992	1,299,814	922,206	42,737	2,523,670	
1993	1,308,797	951,405	22,239	2,555,912	
1994	1,347,945	1,003,480	34,228	2,672,291	
1995	1,386,684	918,811	37,336	2,614,713	
1996	1,469,766	995,456	51,243	2,799,972	
1997	1,433,012	985,000	55,594	2,756,621	
1998	1,436,654	1,093,241	50,112	2,889,291	
1999	1,454,731	1,053,858	47,692	2,841,290	
2000	1,611,446	1,080,371	67,650	3,067,622	
2001	1,660,764	1,100,317	48,269	3,172,251	
2002	1,679,840	1,059,646	55,373	3,116,029	
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
2001	1 Qtr.	436,888	265,833	17,932	825,236
	2 Qtr.	407,800	284,311	29,265	818,204
	3 Qtr.	406,543	289,424	11,224	789,091
	4 Qtr.	409,533	260,749	-10,152	739,719
2002	1 Qtr.	395,795	266,388	18,655	761,922
	2 Qtr.	400,462	255,030	25,751	757,798
	3 Qtr.	473,241	266,331	4,267	820,290
	4 Qtr.	410,341	271,897	6,700	776,019
2003	1 Qtr.	455,018	254,081	-25,417	772,048
Percentage Change from the Same Period in Previous Year					
1991	3.0	21.2	-18.2	6.7	
1992	0.9	2.4	-39.4	5.3	
1993	0.7	3.2	-48.0	1.3	
1994	3.0	5.5	53.9	4.6	
1995	2.9	-8.4	9.1	-2.2	
1996	6.0	8.3	37.2	7.1	
1997	-2.5	-1.1	8.5	-1.5	
1998	0.3	11.0	-9.9	4.8	
1999	1.3	-3.6	-4.8	-1.7	
2000	10.8	2.5	41.8	8.0	
2001	3.1	1.8	-28.6	3.4	
2002	1.1	-3.7	14.7	-1.8	
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3
2001	1 Qtr.	3.5	7.6	3.3	7.8
	2 Qtr.	3.5	2.1	-20.3	3.9
	3 Qtr.	1.5	1.2	12.4	1.9
	4 Qtr.	3.8	-3.0	-381.2	0.0
2002	1 Qtr.	-9.4	0.2	4.0	-7.7
	2 Qtr.	-1.8	-10.3	-12.0	-7.4
	3 Qtr.	16.4	-8.0	-62.0	4.0
	4 Qtr.	0.2	4.3	166.0	4.9
2003	1 Qtr.	15.0	-4.6	-236.2	1.3

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment  
1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.  
Individual income tax rates changed effective January 1, 1999, 2001 and 2002.  
2/ Declaration of estimated taxes, plus payments with returns, less refunds.  
Source: Hawaii State Department of Taxation.

## D. TOURISM

During the first quarter of 2003, Hawaii's visitor industry continued to rebound, but was slowed by the uncertain conditions which preceded the war in Iraq. Both the number of visitor arrivals and the average daily visitor census increased from the first quarter 2002, but not at the rates that had been expected. Hotel occupancy rates showed moderate improvement for the quarter. The number of visitor arriving by air was up 1.7 percent in the first quarter of 2003 from the first quarter of 2002 (Tables D-1 and D-2). This is about 26,000 more visitors than in the first quarter of 2002.

The overall quarterly increase was primarily related to an increase in international arrivals while domestic arrivals remained relatively flat. The numbers of travelers on international flights increased by 4.2 percent, while arrivals on domestic flights were up 0.5 percent comparing the first quarter of 2003 to the first quarter of 2002 (Tables D-3 and D-4).

Comparing the different major market areas, the greatest positive influence again comes from the Japan market that increased by about 7,000 or 2.0 percent from the first quarter 2002 to the first quarter 2003 (Table D-7). Arrivals from the U.S. East were also up,

increasing 0.9 percent (Table D-6), but arrivals from the U.S. West were down 1.8 percent (Table D-5).

Average daily visitor census numbers showed higher rates of increase than the visitor arrival growth rates in the first quarter of 2003. For domestic visitors, those arriving on flights from U.S. mainland airports, average daily visitor census was up 5.5 percent and for international visitors daily census was up 7.7 percent (Tables D-9 and D-10). This produced an increase in total visitor census of 6.0 percent (Table D-8). The average daily census reflects both arrivals and length of stay. Average length of stay increased 5.0 percent for domestic visitors and 3.3 percent for international visitors in the first quarter of 2003 (DBEDT Monthly Visitor Statistics).

Hotel occupancy rates rose 3.8 percentage points from 70.8 percent in the first quarter of 2002 to 74.6 percent in the first quarter of 2003 (Table D-11). Readers interested in reviewing visitor statistics on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>. Readers interested in reviewing the most recent daily passenger arrival data can find them at <http://www.hawaii.gov/dbedt/special/index.html>.

**Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR**

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,948,595	4,446,936	2,501,659	168,637	123,441	45,196
2001	6,303,790	4,224,321	2,079,469	158,247	118,106	40,141
2002	6,360,291	4,340,130	2,020,161	162,803	124,061	38,742
2000 1 Qtr.	1,720,922	1,070,247	650,675	175,797	124,638	51,158
2 Qtr.	1,739,432	1,165,262	574,171	164,816	125,173	39,642
3 Qtr.	1,818,701	1,159,909	658,792	171,435	126,075	45,360
4 Qtr.	1,669,539	1,051,518	618,021	162,537	117,911	44,626
2001 1 Qtr.	1,715,088	1,079,787	635,301	176,954	126,606	50,348
2 Qtr.	1,673,990	1,129,578	544,413	159,596	120,781	38,816
3 Qtr.	1,647,050	1,091,324	555,726	162,674	119,887	42,787
4 Qtr.	1,267,662	923,632	344,030	134,185	105,365	28,821
2002 1 Qtr.	1,533,603	1,042,005	491,598	162,109	122,194	39,915
2 Qtr.	1,574,301	1,110,727	463,574	154,044	120,823	33,220
3 Qtr.	1,686,817	1,165,399	521,418	172,847	131,546	41,301
4 Qtr.	1,565,570	1,021,999	543,571	162,103	121,606	40,498
2003 1 Qtr.	1,559,557	1,047,376	512,181	171,877	128,907	42,970
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.1	4.5	0.7	2.6	4.6	-2.7
2001	-9.3	-5.0	-16.9	-6.2	-4.3	-11.2
2002	0.9	2.7	-2.9	2.9	5.0	-3.5
2000 1 Qtr.	1.9	4.7	-2.4	0.7	3.8	-6.3
2 Qtr.	7.6	10.1	2.9	8.7	10.9	2.4
3 Qtr.	1.1	2.5	-1.3	1.0	3.6	-5.4
4 Qtr.	2.0	0.8	4.2	0.4	0.5	0.0
2001 1 Qtr.	-0.3	0.9	-2.4	0.7	1.6	-1.6
2 Qtr.	-3.8	-3.1	-5.2	-3.2	-3.5	-2.1
3 Qtr.	-9.4	-5.9	-15.6	-5.1	-4.9	-5.7
4 Qtr.	-24.1	-12.2	-44.3	-17.4	-10.6	-35.4
2002 1 Qtr.	-10.6	-3.5	-22.6	-8.4	-3.5	-20.7
2 Qtr.	-6.0	-1.7	-14.8	-3.5	0.0	-14.4
3 Qtr.	2.4	6.8	-6.2	6.3	9.7	-3.5
4 Qtr.	23.5	10.7	58.0	20.8	15.4	40.5
2003 1 Qtr.	1.7	0.5	4.2	6.0	5.5	7.7

1/ Staying overnight or longer.

Source: Hawaii State Department of Business, Economic Development &amp; Tourism.

**Table D-11. HOTEL OCCUPANCY RATE**

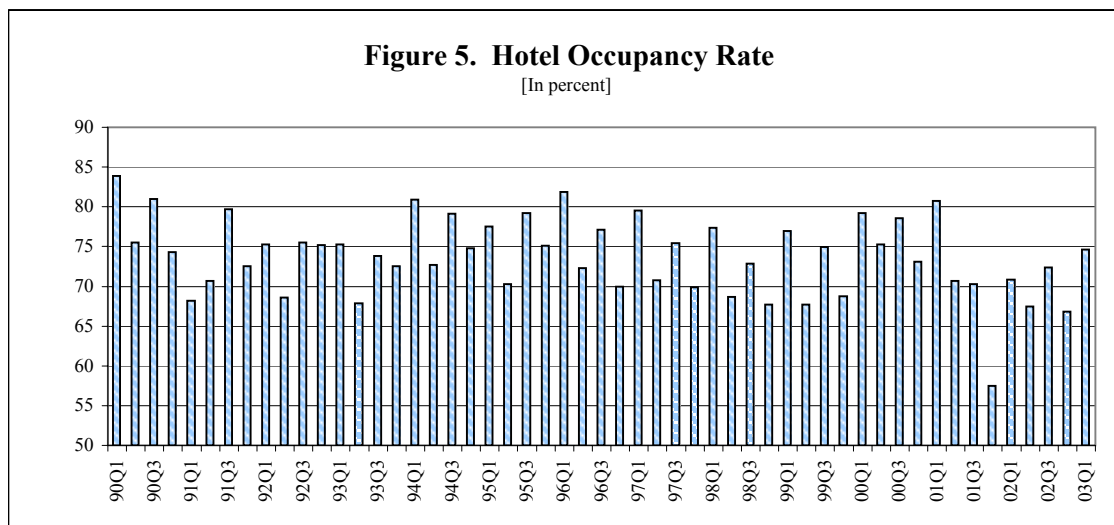
<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual</i>
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	67.7	71.5
1999	77.0	67.7	75.0	68.7	72.1
2000	79.2	75.2	78.5	73.1	76.0
2001	80.7	70.7	70.3	57.5	69.2
2002	70.8	67.5	72.4	66.8	69.3
2003	74.6	(NA)	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages from February 1995.

Note: 1998 - 2001 quarterly data were revised.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC.



## E. CONSTRUCTION

Indicators of Hawaii construction industry activity were mostly positive in the first quarter of 2003. Both the contracting tax base and total private building authorizations increased significantly. Government contracts awarded fell off in the first quarter compared to last year's first quarter spending.

The contracting tax base, which measures construction activity subject to the general excise tax, increased by 22.8 percent from the first quarter of 2002 to the first quarter of 2003 (Table E-1). GET was paid on \$1,122.3 million worth of construction in the first quarter of 2003.

The value of residential building permit authorizations was up 70.1 percent statewide for the first quarter of 2003 (Table E-1). The number of single family unit authorizations was up 65.1 percent (Table E-2) and multi-family units authorized were up 797.4 percent (Table E-3). Honolulu's total private authorizations are up by 95.1 percent from the first quarter of 2002, Hawaii County authorizations increased 103.0 percent, Maui County was up 167.1 percent and Kauai residential was down 20.2 percent (Table E-6). (Beginning in the first quarter of 2002, Kauai permit value data are only for residential.)

Government contracts awarded were down 32.9 percent from the first quarter of 2002 to the first quarter of 2003 (Table E-1). State Government Capital Improvement Project expenditures (CIP) were up for the first quarter by 39.3 percent over the first quarter of 2002 (Table E-11). Most of the CIP expenditure was from General

Obligation bond funds, but large shares were also from Special Funds and Federal Funds.

Median sale price for single family and condominium resales in Honolulu both continued to increase in the first quarter of 2003 over the first quarter of 2002. Single family median value was up 12.9 percent to \$350,000 (Table E-7) and the median Honolulu condo price was up 19.6 percent to \$165,000 (Table E-8). The number of single family units resold increased by 9.1 percent (Table E-9) while the number of condo unit resales was up 42.2 percent (Table E-10).

Wage and salary jobs in the construction industry increased statewide in the first quarter compared to 2002. Construction jobs were up about 9.0 percent from the first quarter of 2002 to the first quarter of 2003 (Table 1, Table A-7). (The Natural Resources, Mining and Construction jobs category published by the Department of Labor and Industrial Relations is currently 99 percent construction jobs and 1.0 percent mining jobs.) Construction jobs grew in all counties except Kauai County. Maui County construction jobs were up 10.3 percent (Table 4), the City and County of Honolulu increased 9.6 percent, (Table 2), and Hawaii County was up 6.6 percent (Table 3). Kauai County construction jobs showed 0.0 percent growth for the first quarter (Table 5).

In the first quarter of 2003, the Honolulu Construction Cost Index for Single Family Residences increased by 4.6 percent over the first quarter of 2002 (Table E-4). The comparable index for high-rise buildings rose by 4.0 percent (Table E-5).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	810.9
2001	3,766.4	1,585.7	882.4	329.1	374.2	715.7
2002 4/	4,274.9	1,435.8	921.3	253.2	307.3	768.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1
2001 1 Qtr.	920.5	362.5	186.3	96.6	79.6	178.0
2 Qtr.	918.4	423.6	234.3	77.9	111.5	175.7
3 Qtr.	893.2	421.0	256.3	68.3	96.4	113.1
4 Qtr.	1,034.3	378.6	205.6	86.3	86.7	248.9
2002 1 Qtr.	913.7	336.3	191.7	47.0	97.6	250.8
2 Qtr.	1,025.0	437.1	276.9	59.4	100.9	133.6
3 Qtr.	1,213.7	497.6	346.6	46.1	103.8	255.7
4 Qtr.	1,122.5	501.1	297.8	100.7	102.6	128.2
2003 1 Qtr.	1,122.3	655.1	326.0	217.9	111.3	168.3

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data only.

4/ Beginning with 2002 Kauai data available for residential only.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	38.7
2001	4.2	4.8	10.3	33.7	-19.7	-11.7
2002	13.5	-9.5	4.4	-23.1	-17.9	7.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9
2001 1 Qtr.	4.9	3.0	-8.3	57.6	-8.8	-18.0
2 Qtr.	5.7	7.8	20.2	6.9	-10.9	81.9
3 Qtr.	-0.2	11.5	25.6	15.6	-15.6	-72.1
4 Qtr.	6.4	-3.0	3.9	63.3	-37.9	170.3
2002 1 Qtr.	-0.7	-7.2	2.9	-51.3	22.6	40.9
2 Qtr.	11.6	3.2	18.2	-23.7	-9.5	-24.0
3 Qtr.	35.9	18.2	35.3	-30.9	7.7	126.1
4 Qtr.	8.5	32.4	44.9	16.7	18.3	-48.5
2002 1 Qtr.	22.8	94.8	70.1	363.6	14.0	-32.9

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

4/ 2002 Kauai data available for residential only. Multi-family construction for Oahu were revised based on U.S. Census Bureau data.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank;

*Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.



## F. OTHER INDICATORS

The total number of Hawaii bankruptcy filings declined in the first quarter of 2003 over the first quarter of 2002. This decrease makes the fifth straight quarter when total Hawaii bankruptcies decreased.

The total number of bankruptcy filings decreased by 22.8 percent in the first quarter 2003 compared to the first quarter of 2002 (Table F-1). Total bankruptcies decreased from 1,234 to 953.

Chapter 7 filings, the largest category, are down from the previous first quarter by 23.7 percent. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start. Individuals are allowed to keep certain exempt property while the remaining property is sold to pay creditors.

Chapter 11 filings held steady at 8 filings, the same number as in the first quarter of 2002. Chapter 11 filings involve the structuring of repayment plans for companies.

Chapter 13 filings increased 121.8 percent in the first quarter of 2003 over the first quarter of 2002. Chapter 13 bankruptcy allows debtors to work out repayment arrangements with creditors.

The ongoing decline in total Hawaii bankruptcy filings continues to run counter to the increase in filings for the nation as a whole. U.S. bankruptcy filings were up 9.0 percent for the first quarter of 2003 compared with the first quarter 2002. This once again set a new historic high for national filings in any quarter. Quarterly U.S. bankruptcy statistics can be found at: [http://www.uscourts.gov/Press\\_Releases/](http://www.uscourts.gov/Press_Releases/).

**Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)**

